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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

FITNESS INTERNATIONAL, LLC,
a limited liability company; and

FITNESS & SPORTS CLUBS, LLC,
a limited liability company.

Defendants.

Case No. 8:25-cv-1841

**COMPLAINT FOR
PERMANENT INJUNCTION,
MONETARY JUDGMENT,
AND OTHER RELIEF**

1 Plaintiff, the Federal Trade Commission (“FTC” or “Commission”), for its
2 Complaint alleges:

3 1. The FTC brings this action for Defendants’ violations of Section 5(a)
4 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 45(a), and Section
5 4 of the Restore Online Shoppers’ Confidence Act (“ROSCA”), 15 U.S.C. § 8403.
6 For these violations, the FTC seeks relief, including a permanent injunction,
7 monetary relief, and other relief, pursuant to Sections 13(b) and 19 of the FTC Act,
8 15 U.S.C. §§ 53(b), 57b, and ROSCA, 15 U.S.C. § 8403.

9 **SUMMARY OF THE CASE**

10 2. Defendants Fitness International, LLC and Fitness & Sports Clubs,
11 LLC (collectively “Defendants”), operate nationwide gym chains that use difficult
12 cancellation procedures to prevent consumers from cancelling their memberships
13 and other recurring charges. As a result, Defendants have illegally charged
14 hundreds of millions of dollars in unwanted recurring fees.

15 3. Defendants enroll consumers in recurring monthly memberships with
16 negative option features either on Defendants’ websites or at Defendants’ gyms.
17 But to cancel these memberships, Defendants have required consumers to use one
18 of two unfair and unlawful cancellation processes that are not simple and in fact
19 are difficult, time-consuming, and inadequately disclosed to consumers.

20 4. One of Defendants’ restrictive cancellation mechanisms directs
21 consumers to submit a difficult-to-access form in person, at the gym. To cancel in
22 person, Defendants have instructed consumers to first access their account on the
23 gym’s website, generate the cancellation form, and print it. But to access and print
24 this form, Defendants have required consumers to navigate to their website, which
25 consumers rarely if ever use, and complete a cumbersome log in process which
26 requires credentials that many consumers either do not have or do not remember.

27 5. Defendants’ instructions to consumers have provided that consumers
28 must then take their printed forms to the gym during limited hours, search out and

1 find the specific manager at the location who is authorized to process the forms,
2 and wait for that manager to process the consumer's cancellation. Consumers who
3 have been unable to reach this manager could not cancel their membership through
4 any of Defendants' other employees. Instead, they have been required to return
5 another time and hope that the specific manager is available.

6 6. Another way Defendants have accepted cancellation is by mail.
7 Defendants have instructed consumers to complete and print the same cancellation
8 form. But to obtain the form consumers must access and log in to Defendants'
9 website, which poses the obstacles alleged above, and then mail it at their expense.
10 However, Defendants instruct consumers to use certified mail or registered mail,
11 either of which requires a trip to the post office and additional costs.

12 7. Each of these cancellation methods is opaque, complicated, and
13 demanding—far from simple. In particular, Defendants have not adequately
14 disclosed how to cancel when consumers are signing up for their memberships and
15 have presented different, often contradictory, cancellation requirements during sign
16 up, in membership agreements, and on the Defendants' websites.

17 8. In selling their memberships, Defendants also frequently sign
18 consumers up for additional services with recurring charges, such as towel service
19 or childcare, using the same membership contract. However, Defendants impose
20 different and inconsistent cancellation requirements for these additional services.
21 Further, Defendants have failed to disclose that the additional programs and
22 features are separate negative option programs, distinct from their base
23 memberships, which consumers could cancel independently, often through less
24 difficult means. As a result, Defendants have misrepresented that these additional
25 negative option programs and features, along with their base memberships, are part
26 of a single membership.
27
28

1 business at 3161 Michelson Drive, Suite 600, Irvine, CA 92612-4406. FI transacts
2 or has transacted business in this District and throughout the United States. At all
3 times relevant to this Complaint, acting alone or in concert with others, FI has
4 advertised, marketed, distributed, or sold gym memberships, personal training
5 memberships, and associated services and amenities to consumers throughout the
6 United States.

7 14. Defendant Fitness & Sports Clubs, LLC (“F&SC”), also doing
8 business as LA Fitness, is a Delaware limited liability company, with its principal
9 place of business at 3161 Michelson Drive, Suite 600, Irvine, CA 92612-4406.
10 F&SC is a wholly owned subsidiary of FI. F&SC transacts or has transacted
11 business in this District and throughout the United States. At all times relevant to
12 this Complaint, acting alone or in concert with others, F&SC has advertised,
13 marketed, distributed, or sold gym memberships, personal training memberships,
14 and associated services and amenities to consumers throughout the United States.

15 **COMMON ENTERPRISE**

16 15. Defendants have operated as a common enterprise while engaging in
17 the violations of law alleged below. Defendants have conducted the business
18 practices described below through an interrelated network of companies that have
19 common ownership, officers, managers, business functions, employees, office, and
20 retail locations. Because these Defendants have operated as a common enterprise,
21 each of them is liable for the acts and practices alleged below.

22 **COMMERCE**

23 16. At all times relevant to this Complaint, Defendants have maintained a
24 substantial course of trade in or affecting commerce, as “commerce” is defined in
25 Section 4 of the FTC Act, 15 U.S.C. § 44.

26 **DEFENDANTS’ BUSINESS ACTIVITIES**

27 **Overview**

28 17. Defendants operate gyms across the United States and in Canada

1 under the brand names LA Fitness, Esporta Fitness, City Sports Club, and Club
2 Studio. Defendants have more than 600 locations and over 3.7 million members in
3 the United States.

4 18. Defendants offer health and fitness services to consumers through
5 their brand locations. These services are offered through a base gym membership
6 with optional add-on services. Under the base gym membership, the consumer
7 initially pays the first and last month's dues, followed by recurring monthly dues,
8 in addition to recurring annual fees. Gym membership monthly prices vary
9 widely, including from \$30 to \$50 for an LA Fitness membership and as much as
10 \$299 for other brands. The recurring annual fees range from approximately \$40 to
11 \$60.

12 19. In addition, Defendants offer a variety of other optional services
13 through negative option programs. For example, Defendants offer personal
14 training memberships, which have fixed initial terms generally ranging from six to
15 twelve months, followed by a recurring monthly membership until consumers
16 cancel. Defendants also offer more than 50 add-on services and amenities on a
17 negative option basis that range in price from \$5 monthly fees for towel service to
18 \$249 monthly subscriptions for cryotherapy.

19 **Defendants' Gym and Personal Training Membership Enrollment Practices**

20 20. Consumers can sign up for Defendants' gym memberships on one of
21 Defendants' gym brands' websites by clicking a prominent "Join Now" tab. On
22 the following pages, consumers can select their plans, enter their billing
23 information, and then confirm their membership and enrollment.

24 21. After providing their contact and payment information, prospective
25 members review and confirm their membership. Although consumers have been
26 able to elect to preview their membership agreement prior to processing the
27 enrollment, they could do so only by clicking an inconspicuous, gray button.

1 22. Defendants also allow consumers to sign up for memberships at their
2 gym locations. Each location employs sales staff for the purpose of enlisting new
3 members.

4 23. Sales staff direct consumers through the signup process using the
5 Defendants' Sales Management Tool app, which captures the sale information,
6 including payment information.

7 24. After receiving the billing information, the app populates the
8 membership agreement. Consumers initial and sign the agreement using an
9 electronic signature pad. Consumers are able to see the agreement only after the
10 sales staff collects and saves their billing information.

11 25. After consumers sign the agreement, Defendants' sales staff help them
12 download Defendants' mobile app. Defendants provide consumers with a unique
13 time-sensitive QR code, which automatically logs the consumer in to the
14 Defendants' app. Through their mobile app, Defendants allow consumers to locate
15 their nearest gym location, check in to a gym location upon arrival, book fitness
16 classes and personal training sessions, and check in to fitness classes. Defendants
17 encourage consumers to use and rely on their mobile app. Defendants do not
18 similarly instruct staff to guide new members on how to use their website.
19 Notwithstanding encouraging consumers to use the app and the many features
20 available in app, consumers cannot cancel in app. Before concluding the sales
21 session, Defendants prompt the consumer to book an appointment for a fitness
22 assessment, which Defendants use as an opportunity to pitch a personal training
23 program.

24 26. At the fitness assessment, Defendants' personal training staff offer
25 consumers their personal training program, which they call their "Pro Results"
26 program. This program provides personal training sessions at an additional,
27 recurring cost.

28 27. As with general gym memberships, Defendants sell Pro Results

1 memberships through the Sales Management Tool app.

2 28. Monthly dues for the personal training memberships range from \$180
3 to \$660 per month. Consumers also pay one-time enrollment fees, processing fees,
4 and initiation fees that usually range from \$99 to \$149.

5 29. Personal training staff enter consumers' details in the Sales
6 Management Tool app and then add the information required to process future
7 recurring credit card or debit card payments to the file.

8 30. As with the gym memberships, the app presents consumers with the
9 personal training membership agreement on a screen. The consumers initial and
10 sign the agreement using electronic signature capture pads.

11 31. The personal training agreements are generally for a term of six to
12 twelve months with a negative option to convert to recurring monthly agreements.
13 If consumers attempt to cancel before the end of the term, they must pay a fee
14 equal to 50 percent of the remaining balance due through the end of the term.

15 **Defendants' Add-On Services and Amenities**

16 32. Defendants also offer over 50 additional services and amenities to
17 their members, including childcare and towel service. These are typically added to
18 a consumer's account at signup for the gym or personal training membership.
19 Defendants have failed to disclose that these services and amenities are separate
20 negative option programs. Defendants also fail to disclose that the cancellation
21 process for these add-on services is separate from cancellation for gym or personal
22 training memberships, *i.e.*, that a consumer can cancel add-on services through less
23 onerous means than Defendants offer for general gym or personal training
24 memberships.

25 33. Instead, Defendants in many instances have represented to consumers
26 that the add-ons are simply part of the general gym or personal training
27 memberships, and that that the terms and the cancellation procedures for the added
28 services and amenities are the same as for their general gym membership or

1 personal training membership. Thus, many consumers do not understand that these
 2 add-ons can be canceled at any time, often through less onerous means, including
 3 through any employee at the front desk of Defendants' gyms.

4 **Defendants' Complex and Exacting Cancellation Methods**

5 34. For years, Defendants required consumers to use one of two complex
 6 and difficult processes to cancel gym memberships and personal training
 7 memberships: in-person cancellation or cancellation by mail. Defendants required
 8 these cancellation steps for all consumers. Defendants' cancellation methods have
 9 been restrictive in manner and accessibility. Defendants have failed to clearly and
 10 conspicuously disclose these cancellation requirements to consumers, before
 11 collecting consumers' billing information, when they enroll in Defendants' gym
 12 memberships.

13 *Defendants' Restrictive In-Person Cancellation Policies and Practices*

14 35. The first of the Defendants' two restrictive cancellation methods
 15 requires consumers to travel to the gym and cancel in person, with one specific
 16 employee. Consumers must take several steps to satisfy Defendants' restrictive in-
 17 person cancellation practices.

18 36. To begin the cancellation process, Defendants have instructed
 19 consumers to first log in to Defendants' website and print a cancellation form. But
 20 many consumers are unfamiliar with Defendants' website because, as alleged
 21 above, Defendants actively encourage consumers to use their mobile app to locate
 22 their nearest gym location, check into a gym location upon arrival, book fitness
 23 classes, book personal training sessions, and check into fitness classes. Moreover,
 24 Defendants assist consumers, through the use of a QR code, in logging in to their
 25 mobile app. Defendants do not similarly guide members on how to how to access,
 26 log in to, or use their website.

27 37. Defendants have not offered their cancellation form through the
 28 mobile app, but instead have made it available only through their website.

1 Defendants further complicate downloading their cancellation form by not making
2 the form publicly available on their website, instead requiring consumers to login
3 in order to download the cancellation form.

4 38. Consumers have been deterred from cancelling due to the login
5 process to Defendants' website. Because Defendants encourage consumers to use
6 their mobile app rather than their website, consumers often either do not know, or
7 do not recall, their website login credentials. Consumers who need to reset their
8 unique login credentials often find it difficult because they need to provide the
9 original email address used to establish the membership account, the "key tag
10 number" assigned at signup, and the first five digits of the bank account or credit
11 card number listed on the account to process a credential reset request. Consumers
12 frequently complain that, when attempting to cancel their memberships, they are
13 unable to log in to Defendants' website. Moreover, even consumers who have
14 access to the required information cannot set up or reset their login credentials.
15 One consumer reported: "If you don't have an existing online login, they make you
16 enter your membership info, then say that they've sent you an email, but as of the
17 writing of this complaint, I haven't received that email."

18 39. Consumers who are able to log in to Defendants' website and locate
19 their cancellation form must then print out a cancellation form. However,
20 consumers frequently do not have a printer at home, further complicating
21 cancellation. One consumer reported, "I don't have or use a printer and think this
22 is just a way to keep deducting money from my account, hoping I will forget about
23 it."

24 40. Consumers who are able to log in and print out the cancellation form
25 are directed to bring it to a brick-and-mortar gym location. However, Defendants
26 strategically limit in-person cancellations. For example, they have accepted
27 cancellation requests only between the hours of 9 a.m. and 5 p.m., Monday through
28 Friday, even though their locations are generally open for as many as 19 hours per

1 day and generally are open 7 days per week. Moreover, the restricted hours are
2 limited to times when consumers are ordinarily working. Indeed, a report to the
3 Better Business Bureau observed, “To require the average person to come in
4 person between 900-1700 (9-5pm) means you expect us to use PTO [personal time
5 off]....”

6 41. Defendants consistently directed consumers to use the specified form
7 and did not clearly disclose that they allowed written notice containing
8 substantially similar information, including the member “key tag number” and
9 email used at sign up. For example, the Membership Questions section of the City
10 Sports Club brand has provided consumers who wish to cancel with these
11 instructions:

12 Club memberships with recurring dues may be cancelled by printing a
13 cancellation form online. Click on My City Sports Club. Login, click
14 on Account Information tab and then click on the “Cancellation
15 Form” option on the right side of the screen. Mail the form to the
16 address listed on the form. We recommend you mail the notice by
17 certified mail and keep a record for your files. Or, you can deliver the
18 notice directly to the Operations Manager at the nearest City Sports
19 Club facility between 9AM and 5PM on Monday through Friday (the
20 days and times for in-club cancellations are subject to change
21 depending upon the availability of Operations Manager). If you
22 deliver the notice in person, please be sure to get a receipt for your
23 records.

24 42. To make the process even more difficult for consumers, Defendants
25 have required consumers to submit their cancellation requests to only one
26 employee, the Operations Manager. Defendants have maintained this requirement
27 even though, at each of their locations, Defendants have employed several
28 additional consumer-facing operations staff at their front desks and two additional

1 managers in addition to the Operations Manager. Yet Defendants have not
2 authorized any of these additional personnel to accept gym or personal training
3 cancellation requests.

4 43. One consumer described the difficulties these cancellation practices
5 impose in a report to the Better Business Bureau:

6 Since June 2022 [my son] has been trying to cancel his
7 membership. He travels for work constantly, home only on
8 Sundays, when he attempted to do it in person, they told him he
9 had to see the operation manager (who apparently only works from
10 9-4 M-F, or mail a cancellation request [by] certified mail ([sic]
11 which requires him to go to the post office, again only open during
12 his working hours. Neither of these options work for him. He has
13 tried over and over when he was home, and the manager was not
14 in.

15 44. Even when consumers successfully navigate the myriad roadblocks to
16 bring the form to a specific manager during the required hours to submit a
17 cancellation request in person, in many instances, they have been unable to submit
18 their cancellation requests. Specifically, consumers often have not been able to
19 meet with the Operations Manager, even during the posted hours when the
20 Operations Manager was supposed to be available. In fact, Defendants have
21 conceded as much in the FAQ portion of their websites, stating, “the days and
22 times for in-club cancellations are subject to change depending on the availability
23 of the Operations Manager.” Thus, as one consumer reported, “Every time I have
24 attempted to [cancel in person], I have been told that the manager is not available
25 and that there will be a follow-up. Unfortunately, there has never been any follow-
26 up! This has been a recurring issue and it has left me feeling helpless and
27 frustrated.”
28

1 45. When Defendants' Operations Manager has been unavailable,
 2 Defendants have not permitted other employees, including other front-desk staff,
 3 sales staff, and other managers, to process the consumers' membership
 4 cancellation requests.

5 *Defendants' Cumbersome Mail Cancellation Requirements*

6 46. Until at least March 2024, the only alternative Defendants have
 7 offered nationwide to in-person cancellation has been to cancel by mail. As with
 8 in-person cancellation, Defendants have required consumers cancelling by mail to
 9 navigate to and successfully log in to their website, locate their cancellation form,
 10 and print this form, involving the difficulties alleged above. While Defendants
 11 accept written notice of cancellation for mail-in cancellation, they do not clearly
 12 and conspicuously disclose, before collecting consumers' billing information at
 13 enrollment, this option to consumers and fail to inform consumers of what
 14 information must be in the notice. Defendants consistently advised consumers to
 15 use the specified form, and did not clearly disclose that they allowed written notice
 16 containing substantially similar information.

17 47. In their instructions, Defendants have recommended that consumers
 18 who attempt to cancel by mail should send their requests by certified or registered
 19 mail. Both options require that consumers go to a post office in-person and pay
 20 additional costs.

21 48. Even if a consumer is able to navigate all of the above steps,
 22 Defendants frequently do not process cancellation requests submitted by
 23 consumers by mail. As one consumer reported:

24 The company requires that you mail in a cancelation form. I have
 25 mailed multiple forms. The first couple I mailed were apparently 'not
 26 received'[,] [C]ustomer service would not allow me to cancel the
 27 membership any other way so I have mailed 3 more cancelation forms
 28 via certified mail and I have proof of tracking for all 3 showing

1 delivered and the company is still charging me for membership and
2 will not cancel the membership.

3 49. Yet another consumer reported sending—and paying for—three
4 certified letters to end their personal training membership over four months, only
5 to find that they continued to be billed for that membership.

6 50. And even when Defendants have processed mailed-in cancellations
7 and sent confirmation notices to consumers, in some instances, they have
8 continued to charge consumers without their permission.

9 *Defendants Have Required Separate Cancellation of Each Negative Option*

10 51. Defendants have further complicated cancellation by not allowing
11 consumers to cancel entire accounts through a single form when those accounts
12 include multiple negative option memberships. Rather, Defendants have required
13 that consumers cancel each membership by a separate form. Thus, for example,
14 for family add-on accounts, where one individual pays for multiple members,
15 consumers have been required to submit forms for each family member. This
16 requirement, when added to Defendants' cumbersome cancellation requirements,
17 has ensured that even consumers who are able to cancel one recurring membership
18 often continue to be billed for another. These consumers have often found that
19 they lack recourse to cancel the memberships for which Defendants continue to bill
20 them. As one consumer reported:

21 My personal trainer cancellation went through but my membership
22 did not. Now I no longer have my details to log onto the website and
23 every time I call I get put on hold and told I just have to print the form
24 and send it in. I cannot do this because I don't have my info anymore
25 and they [can't] be bothered to help me get it. I don't think this is the
26 branch per se since I keep getting referred to corporate[.] I'm writing
27 this after getting off the phone with them again where after explaining
28 the situation I was promptly told call back tomorrow and hung up on.

1 52. Defendants' cancellation practices also have been inconsistent across
2 their negative option programs. While Defendants have required consumers to
3 complete the cancellation requirements detailed above for gym and personal
4 training memberships, consumers could cancel add-ons by simply visiting the front
5 desk and speaking to any front desk attendant. However, Defendants do not
6 disclose this cancellation method in writing anywhere.

7 *Defendants Deny Escalated Cancellation Requests*

8 53. Rather than simplifying their cancellation practices, for years
9 Defendants have instead employed a team of staff to refuse membership
10 cancellation requests that consumers escalate via telephone or email.

11 54. When consumers call or email Defendants' corporate headquarters,
12 those communications are assigned to management staff at individual club
13 locations for response. Defendants receive more complaints by telephone and
14 email related to cancellation than to any other issue.

15 55. Rather than simply processing these escalated cancellation requests,
16 Defendants have directed the managers to refuse them through prepared scripts.
17 These scripts direct consumers to follow the cancellation process, *e.g.*, in person or
18 by mail, alleged above even though Defendants give these managers the ability,
19 within their computer systems, to cancel consumers' memberships. However,
20 Defendants authorize these managers to process cancellations only in-person, when
21 submitted pursuant to Defendants' policy. Defendants prohibit these same
22 managers from processing cancellations that are submitted by email. Such emails
23 include submissions that expressly state that consumers were unable to cancel
24 pursuant to Defendants' policy.

25 56. In many cases, Defendants' directions add insult to injury for
26 consumers who are complaining to Defendants' headquarters only after submitting
27 cancellation requests according to Defendants' instructions without success.
28 Defendants' scripts state that consumers must follow the restrictive cancellation

1 processes, implausibly, in order “[t]o protect the privacy of our members.” As one
 2 consumer noted, “There’s no privacy protection for members, you guys just want
 3 to make it difficult.”

4 57. In contrast to how Defendants treat direct consumer complaints, when
 5 Defendants receive a Better Business Bureau or state attorney general complaint,
 6 their staff work to quickly resolve the matter. In these circumstances, Defendants
 7 cancel memberships without requiring that their onerous procedures be followed,
 8 provide refunds, and waive termination fees for personal training. Defendants’
 9 responses to state attorneys general generally report that Defendants have resolved
 10 the matter with the consumer and attempt to explain the cancellation policy by
 11 reassuring, “This cancellation policy is not designed to make it difficult for our
 12 members to cancel, but rather to ensure cancellations are handled properly.”

13 58. Defendants have continued to impose these complicated and onerous
 14 cancellation requirements on consumers nationwide despite adopting different
 15 practices in the limited number of states that require specific simpler means of
 16 cancellation for gyms, such as cancellation by email or online.

17 *Defendants Aggressively Override Consumers’ Attempts to Cancel their*
 18 *Memberships through their Banks and Credit Cards*

19 59. Consumers who are unable to cancel through Defendants’
 20 complicated cancellation options and cannot obtain relief through an escalated
 21 request often contact their bank or credit card company to try to shield their
 22 accounts from Defendants’ automatic recurring payments. But Defendants deploy
 23 aggressive tactics to continue rebilling even these desperate consumers, including
 24 by billing new account numbers. As one consumer reported, “on June 6
 25 [Defendants] tried to use my old card and it was declined. Then on June 8 they hit
 26 my new card. I didn’t give them the new card....”

27 60. Defendants’ cancellation practices have caused hundreds of millions
 28 of dollars in consumer harm. Consumers were not able to avoid this harm because,

1 as alleged above, Defendants have not clearly disclosed how to cancel. Consumers
2 who joined Defendants' gyms had no choice but to endure Defendants'
3 cumbersome practices if they wanted to cancel their membership.

4 61. Neither the imposition of the exceedingly difficult cancellation
5 methods nor the failure to clearly disclose them is outweighed by benefits to
6 consumers or competition. There are no benefits to unnecessarily onerous
7 cancellation procedures, and Defendants have provided alternate cancellation
8 methods in the states where required by state law. For years, Defendants were able
9 to offer less onerous cancellation methods to all their consumers but chose to
10 withhold them.

11 62. Not until eight months after receiving a Civil Investigative Demand
12 from the Commission did Defendants begin to offer website cancellation for their
13 subscriptions with stand-alone agreements. Defendants still do not permit
14 consumers to cancel through their mobile apps.

15 63. However, Defendants' online cancellation mechanism still imposes
16 unnecessary burdens on consumers. For example, to cancel online, consumers still
17 must log in to Defendants' website, requiring them to identify and potentially reset
18 their login credentials, which is often difficult, as alleged above. Then, they must
19 navigate to the cancellation tab and select an option to cancel their membership.

20 64. In addition, Defendants continue to bury any mention of the online
21 cancellation method during website enrollment, mentioning it only after the two
22 more cumbersome methods and before language regarding specific state
23 cancellation methods. Finally, when Defendants respond to consumers or
24 consumer entities regarding cancellation complaints, they often do not mention
25 online cancellation as an option.

26 65. Based on the facts and violations of law alleged in this Complaint, the
27 FTC has reason to believe that Defendants are violating or are about to violate laws
28 enforced by the Commission because, among other things: Defendants' practices

1 remained unchanged for months after receiving a Civil Investigative Demand from
 2 the Commission; Defendants changed their cancellation procedures only after
 3 learning of the Commission's investigation; Defendants engaged in their unlawful
 4 conduct repeatedly over many years and continued their unlawful conduct despite
 5 knowledge of thousands of consumer complaints; and Defendants remain in the
 6 business of health and fitness clubs and are expanding their presence in the market
 7 and therefore maintain the means, ability, and incentive to resume any unlawful
 8 conduct which has ceased.

9 **VIOLATIONS OF THE FTC ACT**

10 66. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or
 11 deceptive acts or practices in or affecting commerce."

12 67. Acts or practices are unfair under Section 5 of the FTC Act if they
 13 cause or are likely to cause substantial injury to consumers that consumers cannot
 14 reasonably avoid themselves and that is not outweighed by countervailing benefits
 15 to consumers or competition. 15 U.S.C. § 45(n).

16 **COUNT I**

17 **Unfair Cancellation Practices**

18 68. In numerous instances, as described in paragraphs 17 through 65
 19 above, Defendants' unreasonable cancellation practices have made it difficult for
 20 consumers to cancel memberships and other recurring charges.

21 69. Defendants' acts or practices cause or are likely to cause substantial
 22 injury to consumers that consumers cannot reasonably avoid themselves and that is
 23 not outweighed by countervailing benefits to consumers or competition.

24 70. Therefore, Defendants' acts or practices as described in Paragraph 68
 25 constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15
 26 U.S.C. § 45(a), (n).

**VIOLATIONS OF
THE RESTORE ONLINE SHOPPERS' CONFIDENCE ACT**

71. In 2010, Congress passed ROSCA, 15 U.S.C. §§ 8401-05, which became effective on December 29, 2010. Congress passed ROSCA because “[c]onsumer confidence is essential to the growth of online commerce. To continue its development as a marketplace, the Internet must provide consumers with clear, accurate information and give sellers an opportunity to fairly compete with one another for consumers’ business.” Section 2 of ROSCA, 15 U.S.C. § 8401.

72. Section 4 of ROSCA, 15 U.S.C. § 8403, generally prohibits charging consumers for goods or services sold in transactions effected on the Internet through a negative option feature, as that term is defined in the FTC’s Telemarketing Sales Rule (“TSR”), 16 C.F.R. § 310(w), unless the seller: (a) clearly and conspicuously discloses all material terms of the transaction before obtaining the consumer’s billing information; (b) obtains the consumer’s express informed consent before making the charge; and (c) provides simple mechanisms to stop recurring charges. *See* 15 U.S.C. § 8403.

73. The TSR defines a negative option feature as: “in an offer or agreement to sell or provide any goods or services, a provision under which the consumer’s silence or failure to take an affirmative action to reject goods or services or to cancel the agreement is interpreted by the seller as acceptance of the offer.” 16 C.F.R. § 310.2(w).

74. As described in Paragraphs 17 through 65, Defendants have created and manage scores of negative option features as defined by the TSR, 16 C.F.R. § 310.2(w), including general gym memberships, personal training membership, and related services and amenities.

75. Pursuant to Section 5 of ROSCA, 15 U.S.C. § 8404(a), and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of ROSCA constitutes

an unfair or deceptive act or practice in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT II

Violation of ROSCA—Inadequate Disclosures

76. In numerous instances, in connection with charging consumers for goods or services sold in transactions effected on the Internet through a negative option feature, as described in Paragraphs 17 through 65, above, Defendants have failed to clearly and conspicuously disclose all material terms of the transaction, before obtaining the consumer's billing information, including:

- a. the method of cancellation; and
- b. that their add-on services and amenities are separate negative option programs that are subject to separate cancellation requirements.

77. Therefore, Defendants' practices as set forth in Paragraph 76 are violations of Section 4 of ROSCA, 15 U.S.C. § 8403(1), and are therefore violations of a rule promulgated under Section 18 of the FTC Act, 15 U.S.C. § 57a, 15 U.S.C. § 8404(a), and therefore constitute an unfair or deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT III

Violation of ROSCA—Failure to Provide Simple Cancellation Mechanism

78. In numerous instances, in connection with charging consumers for goods or services sold in transactions effected on the Internet through a negative option feature, as described in Paragraphs 17 through 65, above, Defendants fail to provide simple mechanisms for a consumer to stop recurring charges for the good or service to the consumer's credit card, debit card, bank account, or other financial account.

79. Defendants' practices as set forth in Paragraph 78 are violations of Section 4 of ROSCA, 15 U.S.C. § 8403(3), and are therefore violations of a rule promulgated under Section 18 of the FTC Act, 15 U.S.C. § 57a, 15 U.S.C.

§ 8404(a), and therefore constitute an unfair or deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. §45(a).

CONSUMER INJURY

80. Consumers are suffering, have suffered, and will continue to suffer substantial injury as a result of Defendants' violations of Section 5(a) and ROSCA. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers and harm the public interest.

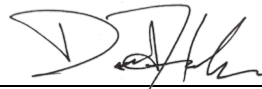
PRAYER FOR RELIEF

Wherefore, Plaintiff requests that the Court:

- A. Enter a permanent injunction to prevent future violations of Section 5(a) of the FTC Act and ROSCA by Defendants;
- B. Award monetary and other relief within the Court's power to grant;
- C. Award any additional relief as the Court determines to be just and proper.

Respectfully submitted,

Dated: 08/20/2025



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